



## North Alabama Bank

Post Office Box 669  
Hazel Green, Alabama 35750  
256-828-9500

*Rec'd  
9/22/2005  
FDIC-SF*

September 16, 2005

Director John F. Carter  
Federal Deposit Insurance Corporation  
San Francisco Regional Office  
25 Jessie Street at Ecker Square  
Suite 2300  
San Francisco, California 94105

Dear Director Carter,

I strongly urge you to reject the application by Wal-Mart Stores, Inc. to charter an Industrial Loan Company (ILC) bank in Utah. To approve this application has the potential of dangerous consequences. A few of these precautionary concerns include the barrier between banking and commerce, concentration of economic power, creating a monstrous "Too Big to Fail" bank, and the real possibility of the eventual demise of community banks.

The barrier between banking and commerce has played an integral part in the safety and soundness of the banking system and in maintaining a healthy U. S. economy. This barrier has been reinforced by Congress representing the American people and supported by the most knowledgeable economic experts including Federal Reserve Board Chairman Alan Greenspan and the former Chairman Paul Volcker. We can benefit from the experiences in other parts of the world that have suffered the problems from mixing banking and commerce.

Allowing a commercial or financial firm to operate a full-service, nationwide, FDIC-insured bank, outside the framework established by Congress for the other owners of insured banks raises significant safety and soundness concerns, creates an unlevel competitive playing field and poses important questions to the Congress concerning the nation's policy of maintaining the separation of Banking and Commerce.

Giant banks have enormous public policy implications. The trillion dollar bank that eventually could result from this charter will be "too big to fail" and will

pose a systemic risk to the FDIC insurance fund. Evidence shows that increased concentration in the banking industry has not benefited bank customers and has not had a positive effect on the convenience and needs of the communities served by the acquired banks.

An example of unbridled economic concentration, it would represent a dangerous and unprecedented concentration of economic power.

Because of ILC banks more-open ownership policy, Wal-Mart Stores Inc, the so-called "category killer" because it tends to crush competition, has tried to get into the banking business by buying an ILC. The future of the community banking industry could be at stake. The systemic risk posed by a Wal-Mart bank would be enormous. With a branch of Wal-Mart Bank in every store, small bankers plead with Congress to spare them the fate of mom-and-pop hardware and variety stores, which were strangled by Wal-Mart.

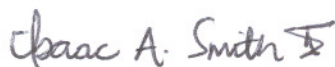
In 1999, Congress ended Wal-Mart's attempt to buy a unitary thrift in Oklahoma by prohibiting commercial companies from owning such a firm. In 2002, the California legislators blocked Wal-Mart's acquisition of a state bank by enacting a law preventing non-financial firms from buying ILCs. Recently, that state's legislature has turned Wal-Mart down again.

Please do not allow them a charter which they can then revise, allowing them entry into banking directly competing with community banks in every town where they have stores across the country. We have seen what they have done to Main Street America; closing down numerous mom-and-pop stores and small businesses.

There are a lot of good reasons for not allowing one giant entity to control a major part of the payment system. Please do not allow Wal-Mart the opportunity to eradicate community banks out of the markets, eliminating the engine for economic growth in the community, causing the eventual demise of community banks, communities, the dual banking systems, putting in peril the FDIC insurance fund.

Thank you for the opportunity to comment. Hopefully you will prayerfully consider this application and follow the path of maintaining a strong barrier between banking and commerce, keeping a strong community banking complex to serve Main Street Americas financial needs.

Sincerely,



Isaac A. Smith, II  
President  
North Alabama Bank





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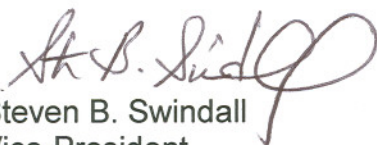
I am writing to ask for your support in keeping Wal-Mart out of banking. As you may know, there is an effort underway to vastly expand the powers of Industrial Loan Companies (ILCs). ILCs are hybrid FDIC-insured institutions exempted from the Bank Holding Company Act, and as such, may be owned by commercial firms. There are 51 ILCs chartered in five states—California, Colorado, Minnesota, Nevada, and Utah—with the majority based in Utah and California. Traditionally, ILCs have been small, relatively obscure entities formed to offer consumer installment credit. In recent years, many ILCs have grown into multiple billion-dollar institutions owned by companies such as Merrill Lynch, Morgan Stanley and American Express, and have attracted the attention of Toyota, John Deere, and Wal-Mart.

Currently ILCs must remain under \$100 million in assets to offer demand deposits. A provision in H.R. 758, "The Business Checking Freedom Act of 2003" would circumvent current law and permit ILCs to offer Business Negotiable Order of Withdrawal (NOW) Accounts—the functional equivalent of business checking accounts. With NOW account authority, ILCs would become virtually indistinguishable from full-service commercial banks, but would not be subject to the same rigorous regulation and supervision. On April 1, the House passed the business-checking bill and sent it to the Senate, where a companion bill has not yet been offered. However, Senate Banking Committee member Chuck Hagel (R-NE) is expected to introduce a business-checking bill that may include business NOW account authority for ILCs, sought by fellow SBC member Robert Bennett (R-UT).

The effort to expand ILC powers is not limited to granting NOW account authority. Section 401 of the Financial Services Regulatory Relief Act of 2003 (H.R. 1375) would allow banks to move into other states de novo, meaning that they could establish a new branch rather than having to acquire an existing bank or bank branch. Presently 17 states allow de novo branching. Should section 401 become law, an ILC could branch into any state without purchasing an existing bank. This also means that should Wal-Mart successfully acquire an ILC charter (as it has already tried to do in California) it could open a branch in every one of its 3,300 stores. H.R. 1375 passed the House Financial Services Committee on May 20. The full House is expected to take up the bill shortly.

These legislative efforts pave the way for a parallel banking system, exempt from the Bank Holding Company Act, and unregulated by the Federal Reserve. Please support community banks in our state and maintain the separation of banking and commerce by voting against efforts to expand ILC powers.

Sincerely,

A handwritten signature in dark ink, appearing to read "S.B. Swindall", with a stylized flourish at the end.

Steven B. Swindall  
Vice-President  
North Alabama Bank





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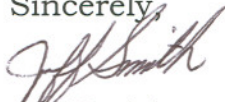
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Jeff Smith

Vice President

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